

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF The Seattle Times TO NOTICE OF INQUIRY NO. 1

Founded in 1896 by Alden J. Blethen, The Seattle Times is a fourth and fifth generation family business. The family's flagship newspaper, The Seattle Times, is the largest daily newspaper in Washington state and the largest Sunday newspaper in the Pacific Northwest. It is the largest remaining independently held newspaper in the U.S. The flagship website, seattletimes.com, is the largest local news information web site in the Northwest. Other Blethen-owned newspapers in Washington are the Walla Walla Union-Bulletin, the Yakima Herald-Republic, The Issaquah Press and its affiliated community newspapers: the Newcastle News, the Sammamish Review and the SnoValley Star.

We submit this declaration in support of the Newspaper Association of America's Response to Notice of Inquiry No. 1

The Seattle Times is a nine time winner of the Pulitzer Prize – and was recognized in this year's Pulitzer ceremonies for outstanding Investigative Reporting. The series for which we were recognized in 2012 was titled "Methadone and the Politics of Pain" and told the story of Washington state's use of methadone for pain treatment in order to save money, and identified the medical evidence of preventable deaths caused by this practice. As a result of the series, the state immediately changed its practices resulting in the immediate saving of lives, particularly for those on Medicaid.

The work done by newspapers to tell such stories delivers real and critical societal benefits in every community throughout the U.S. This kind of investigative reporting is expensive and time consuming and is made possible by advertising revenue, driven significantly by advertising inserts for durable and semi-durable goods. Any threat to this revenue will directly result in undermining our ability to report on critical issues affecting our communities.

It is important to note that The Seattle Times has withstood a number of very significant challenges over the last decade. Against all odds, we have survived the challenges we have faced and are beginning to stabilize due to a great deal of effort on our part. Given the challenges we have overcome, the NSA proposal is particularly shocking in that it appears to be a proposed action by our quasi-governmental enterprise that would put us and other newspapers at a severe competitive disadvantage for important advertising revenue as we continue to navigate significant challenges. In addition to threatening our ability to fulfill our public service mission, the proposed NSA is a threat to jobs at The Seattle Times.

Response To Questions

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 10.6% of total advertising revenues (including ROP, classified, and digital advertising), 11.8% of total print advertising revenue, and 38% of total preprint advertising revenue.
2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 10.6% of total advertising revenues (including ROP, classified, and digital advertising), 12% of total print advertising revenue, and 37% of total preprint advertising revenue.
3. The Seattle Times distributes Total Market Coverage products to non-subscribers each Wednesday. These TMC products contain advertising inserts from grocery stores, cable companies, fast food establishments, etc. Our TMCs contain **some** pre prints from national retailers of durable and semi-durable goods. **Most of these types of ad inserts**, however, are distributed in our Sunday newspaper and are a critical source of revenue. For fiscal year 2011, we estimate that we mailed approximately 6.7 million packages of TMC advertising displaying durable and semi-durable goods from national retailers via the Postal Service and approximately 650,000 packages via private delivery carriers or through other delivery methods. The Seattle Times does not keep track of inserts by weight.
4. For fiscal year 2010, we estimate that we mailed approximately 25.3 million packages of TMC product for which we paid the Postal Service approximately \$4 million.
5. For fiscal year 2011, we mailed approximately 24.5 million packages of TMC product for which we paid the Postal Service approximately \$3.9 million
6. We estimate that the Postal Service will lose approximately \$2.5 - \$3.5 million from our mid-week TMC postage if the Valassis NSA is approved.

I verify under penalty of perjury that the foregoing is true and correct. Executed on 6/27/12.



Alan Fisco
SVP, Sales & Marketing
The Seattle Times Company